

SENATE BILL 477

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C3

2003 Regular Session  
(3r1993)

**ENROLLED BILL**  
-- Finance/Health and Government Operations --

Introduced by **Senator Astle**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Small Business Health Insurance Affordability Act**

3 FOR the purpose of specifying the manner in which certain health insurance benefits  
4 must be offered to certain employers; lowering the rate cap for certain health  
5 insurance benefits; requiring the Maryland Health Care Commission and the  
6 Maryland Insurance Administration to ~~study~~ conduct an analysis of and make  
7 recommendations on certain aspects of the administrative cost of health plans in  
8 the small group market; specifying the intent of the General Assembly;  
9 requiring the Maryland Health Care Commission, on or before a certain date, to  
10 prepare a report on the methodology used by the Commission in developing the  
11 Comprehensive Standard Health Benefit Plan in the small group market and the  
12 feasibility of creating a certain Basic Plan in addition to the Standard Plan;  
13 requiring the Commission to submit its report to certain committees of the  
14 General Assembly on or before a certain date; and generally relating to small  
15 group market health insurance.

16 BY repealing and reenacting, with amendments,

1 Article - Insurance  
 2 Section 15-1204 and 15-1207(c)  
 3 Annotated Code of Maryland  
 4 (2002 Replacement Volume and 2002 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Insurance**

8 15-1204.

9 (a) In addition to any other requirement under this article, a carrier shall:

10 (1) have demonstrated the capacity to administer the health benefit  
 11 plan, including adequate numbers and types of administrative personnel;

12 (2) have a satisfactory grievance procedure and ability to respond to  
 13 enrollees' calls, questions, and complaints;

14 (3) provide, in the case of individuals covered under more than one  
 15 health benefit plan, for coordination of coverage under all of those health benefit  
 16 plans in an equitable manner; and

17 (4) design policies to help ensure adequate access to providers of health  
 18 care.

19 (b) A person may not offer a health benefit plan in the State unless the person  
 20 offers at least the Standard Plan.

21 (c) A carrier may not offer a health benefit plan that has fewer benefits than  
 22 those in the Standard Plan.

23 (d) ~~(+)~~ A carrier may offer benefits in addition to those in the Standard Plan  
 24 if:

25 (1) the additional benefits:

26 [(1)] (I) are offered and priced separately from benefits specified in  
 27 accordance with § 15-1207 of this subtitle; and

28 [(2)] (II) do not have the effect of duplicating any of those benefits; AND

29 (2) ~~THE STANDARD PLAN SHALL BE OFFERED TO THE EMPLOYER IN A~~  
 30 ~~FORMAT TO BE DETERMINED BY THE COMMISSION THAT CARRIER:~~

31 (I) CLEARLY DISTINGUISHES THE STANDARD PLAN FROM OTHER  
 32 OFFERINGS OF THE CARRIER;

1 (II) INDICATES THE STANDARD PLAN IS THE ONLY PLAN REQUIRED  
2 BY STATE LAW; AND

3 (III) SPECIFIES THAT ALL ENHANCEMENTS TO THE STANDARD  
4 PLAN ARE NOT REQUIRED BY STATE LAW.

5 (e) Notwithstanding subsection (b) of this section, a health maintenance  
6 organization may provide a point of service delivery system as an additional benefit  
7 through another carrier regardless of whether the other carrier also offers the  
8 Standard Plan.

9 (f) A carrier may offer coverage for dental care and services as an additional  
10 benefit.

11 15-1207.

12 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall  
13 exclude or limit benefits or adjust cost-sharing arrangements in the Standard Plan if  
14 the average rate for the Standard Plan exceeds [12%] 10% of the average annual  
15 wage in the State.

16 (2) The Commission annually shall determine the average rate for the  
17 Standard Plan by using the average rate submitted by each carrier that offers the  
18 Standard Plan.

19 SECTION 2. AND BE IT FURTHER ENACTED, That:

20 (a) On or before January 1, 2004, the Maryland Health Care Commission, in  
21 consultation with the Maryland Insurance Administration, shall conduct an analysis  
22 of and make recommendations on the administrative cost of health plans in the small  
23 group market, including:

24 (1) the total amount and distribution of administrative costs;

25 (2) the strategies for lowering administrative costs; and

26 (3) the appropriateness of the medical loss ratios specified in §  
27 ~~15-605(e)(7) of the Health - General~~ § 15-605(c)(1) of the Insurance Article.

28 (b) It is the intent of the General Assembly that licensed entities and  
29 individuals including health insurers, nonprofit health service plans, health  
30 maintenance organizations, ~~agents, and brokers~~ and insurance producers cooperate  
31 with the Commission in the execution of the study by providing data in a timely and  
32 complete manner.

33 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before December 1,  
34 2003, the Maryland Health Care Commission:

35 (1) shall prepare a report on:

1                   (i)       *the methodology used by the Commission in developing the*  
2 *Comprehensive Standard Health Benefit Plan in the small group market; and*

3                   (ii)       *the feasibility of creating a Basic Plan in addition to the*  
4 *Standard Plan in the small group market; and*

5                   (2)       *shall submit its report, in accordance with § 2-1246 of the State*  
6 *Government Article, to the Senate Finance Committee and the House Health and*  
7 *Government Operations Committee.*

8       SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
9 effect July 1, 2003.